

IOWA FINANCE AUTHORITY BOARD MEETING MINUTES

**Hotel Fort Des Moines
December 1, 2004**

BOARD MEMBERS PRESENT

Vincent Lintz, Chair
Kay Anderson, Vice Chair
Carmela Brown, Treasurer
Virginia Bordwell

Roger Caudron
Heather Kramer
Douglas Walter
Dick Wright

STAFF MEMBERS PRESENT

Lori Beary, Community Development Finance Officer
Mary Bilstad, Affordable Assisted Living Coordinator
Roger Brown, Director of HUD Programs, Section 8 Contract Administration
Donna Davis, Deputy Director, Director of Housing Programs
Dennis Dietz, Director, Policy and Governmental Affairs
Leo Duffy, Construction Analyst
Monica Fischer, Public Information Officer
Alyson Fleming, Administrative Assistant
Glenda Gaumer, Senior Housing Compliance Specialist

Steven Harvey, Comptroller
Craig Johnson, Financial Analyst/Underwriter
Sharon Livingston, Accountant 1 Supervisor, Section 8 Contract Administration
Bret Mills, Chief Financial Officer
Tim Morlan, Underwriter
Sharon Murphy, Housing Specialist
HAF/HIRE
Julie Noland, Director of Administrative Services
Lloyd Ogle, Director, Title Guaranty Division
Carla Pope, Service Enriched Housing Director
James Smith, General Counsel
Tim Waddell, Tax Credit Manager
Nancy Wallis, Administrative Assistant
Vicky Winter, Legal Secretary

OTHERS PRESENT

Kristi Boyce – Wells Fargo Bank Iowa, NA
Dana Bunting – Goldman Sachs
Bob Burns – Burns & Burns, L.C.
Jim Conlin – Conlin Properties
Joni DeVries – Wells Fargo Bank Iowa, NA
Robert Foggio – Goldman Sachs

David Grossklaus – Dorsey & Whitney Law Firm
Nicole Jones – State Treasurer's Office
Bruce Ray – Department of Housing and Urban Development
Bill Reineke – Houses Inc.

CALL TO ORDER

Chair Lintz called to order the December 1, 2004 meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:51 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Brown, Bordwell, Caudron, Kramer, Walter and Wright.

REVIEW AND APPROVAL OF MINUTES

November 10, 2004 - Board Meeting

Chair Lintz introduced the minutes of the November 10, 2004 meeting of the Iowa Finance Authority Board of Directors.

MOTION: On a motion by Mr. Walter and a second by Ms. Bordwell, the Board unanimously approved the minutes of the November 10, 2004 meeting.

ADMINISTRATION/MANAGEMENT REPORT

Summary & Overview

Ms. Davis announced Mr. Alex Orozco was recently hired in the position of Single Family Bilingual Marketing Specialist. She said Mr. Orozco will be formally introduced to the Board at the January meeting.

Administrative Services Report

Ms. Noland referred to the handout included in the Board materials.

LEGAL / REGULATORY

Notice of Intended Action Re: 265 IAC Chapter 22; Iowa Aftercare Services Rent Subsidy Program

Mr. Smith introduced a resolution for the notice of intended action for a new chapter of the administrative rules, the Iowa Aftercare Services Rent Subsidy Program. He said a resolution was passed by the Board on September 8, 2004 authorizing the Authority to work with the Department of Human Services. Mr. Smith deferred the discussion of the specifics of the program to Ms. Davis and Ms. Pope.

Mr. Walter inquired as to the language under section 22.3(2) which refers to demonstrated need.

Ms. Pope explained the section requires program participants to demonstrate more than 30 percent of their gross and unearned income is used for rent.

A general discussion followed regarding the administrative rules process and the program guidelines.

MOTION: Mr. Wright made a motion to approve the Notice of Intended Action Re: 265 IAC Chapter 22; Iowa Aftercare Rent Subsidy Program. On a second by Ms. Brown the Board unanimously approved the Notice of Intended Action Re: 265 IAC Chapter 22; Iowa Aftercare Rent Subsidy Program.

Ms. Anderson arrived at 11:00 a.m.

FINANCE AND ACCOUNTING

Finance Update

Mr. Harvey referred to the documents included in the Board materials.

A general discussion followed regarding efficiency measures and the inclusion of revenue from the Title Guaranty Division.

The minutes set forth are an unofficial copy of this month's Board meeting. For an official (signed) copy, please contact the Authority.

MOTION: Mr. Caudron made a motion to approve the Authority's September financials. On a second by Mr. Walter, the Board unanimously approved the Authority's September financials.

Approval of 2004 Audit

Mr. Mills requested approval by the Board of the 2004 audit conducted by KPMG and presented to the Board at the November 10, 2004 meeting.

MOTION: Ms. Brown made a motion to approve the 2004 audit by KPMG. On a second by Ms. Anderson, the Board unanimously approved the 2004 audit.

Resolution Re: Line of Credit

Mr. Mills introduced a resolution to extend the line of credit for the Single Family Program. He said the line of credit will preserve volume cap and is for an amount not to exceed \$7,000,000 dollars for an extension period of two years.

Ms. Bordwell inquired as to the amount stated in the resolution.

Mr. Smith clarified the amount of the line of credit is \$7,000,000 dollars, not \$17,000,000 dollars as stated in the resolution.

MOTION: Mr. Caudron made a motion to approve the Resolution Re: Line of Credit in an amount not to exceed \$7,000,000 dollars for a period of two years. On a second by Ms. Bordwell, the Board unanimously approved the Resolution Re: Line of Credit.

Mr. Mills distributed pricing books to the Board for the recent Single Family Bond Issue. He introduced Mr. Bob Foggio and Ms. Dana Bunting of Goldman Sachs.

**COMMUNITY / ECONOMIC DEVELOPMENT
/STATE REVOLVING FUND (SRF) PROGRAM**

Economic Development Loan Program

ED. Loan #04-08 through 04-19

Ms. Beary asked the Authority to hold a public hearing at 10:45 a.m. regarding the issuance of an amount not to exceed \$15,983,854 in Iowa Finance Authority Taxable/Convertible Multifamily Housing Revenue Bonds for 12 existing properties listed below. She stated the bonds will be used to acquire and rehabilitate 470 elderly units and 128 family units for a total of 598 units. Ms. Beary said the projects will require Private Activity Bond Cap. She explained that while each project is a separate Limited Partnership and has a separate application and resolution, it was the opinion of both Issuer's Counsel and General Counsel that the Board could hold one public hearing to address all projects.

Public Hearing: Chair Lintz opened the public hearing at 11:10 a.m. regarding the issuance of Iowa Finance Authority Taxable/Convertible Multifamily Housing Revenue Bonds in an amount not to exceed \$15,983,854. Ms. Davis stated the Authority had not received any verbal or written comments regarding the projects.

There being no comments from the audience, Chair Lintz closed the public hearing at 11:11 a.m.

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Ms. Beary introduced the authorizing resolutions for \$15,983,854 in Iowa Finance Authority Taxable/Convertible Multifamily Housing Revenue Bonds for the following 12 projects:

Resolution – #04-08A, Century II Partners, LP in Sioux City

\$2,775,000 for acquisition and rehabilitation of an 80-unit elderly affordable housing project.

Resolution – #04-09A, Floyd Valley Partners, LP in Le Mars

\$1,407,000 for acquisition and rehabilitation of a 59-unit elderly affordable housing project.

Resolution – #04-10A, Kingston Partners, LP in Kingsley (Plymouth County)

\$578,000 for acquisition and rehabilitation of a 24-unit elderly affordable housing project.

Resolution – #04-11A, Lakeland Partners, LP in Clear Lake

\$1,407,000 for acquisition and rehabilitation of a 56-unit elderly affordable housing project.

Resolution – #04-12A, Meadow Lane Partners, LP in Sac City

\$645,500 for acquisition and rehabilitation of a 36-unit elderly affordable housing project.

Resolution – #04-13A, Morning Hills Partners, LP in Sioux City

\$2,284,000 for acquisition and rehabilitation of a 96-unit elderly affordable housing project.

Resolution – #04-14A, Ridgewood Partners, LP in Akron (Plymouth County)

\$1,102,000 for acquisition and rehabilitation of a 36-unit elderly affordable housing project.

Resolution – #04-15A, Rosewood Heights Partners, LP in Rock Rapids, (Lyon County)

\$1,262,754 for acquisition and rehabilitation of a 56-unit elderly affordable housing project.

Resolution – #04-16A, Somerset Partners, LP in Holstein (Ida County)

\$667,000 for acquisition and rehabilitation of a 24-unit elderly affordable housing project.

Resolution – #04-17A, Southview Partners, LP in Sioux City

\$1,226,000 for acquisition and rehabilitation of a 32-unit elderly affordable housing project.

Resolution – #04-18A, West Park Partners, LP in Sioux City

\$1,662,400 for acquisition and rehabilitation of a 51-unit elderly affordable housing project.

Resolution – #04-19A, Woodland Partners LP in Woodbine (Harrison County)

\$966,000 for acquisition and rehabilitation of 48-unit elderly affordable housing project.

Ms. Beary stated the inducement resolutions for these projects were adopted at the September 8, 2004 Board of Directors meeting.

Resolution #04-08B through 04-19B

MOTION: Mr. Caudron made a motion to approve the resolutions authorizing the issuance of not to exceed \$15,983,854 in Iowa Finance Authority Taxable/Convertible Multifamily Housing Revenue Bonds for the following 12 projects: (Century II Partners, LP, Floyd Valley Partners, LP, Kingston Partners, LP, Lakeland Partners, LP, Meadow Lane Partners, LP, Morning Hill Partners, LP, Ridgewood Partners, LP, Rosewood Heights Partners, LP, Somerset Partners, LP, Southview Partners, LP, West Park Partners, LP, and Woodland Partners, LP Projects) series 2004 and evidencing the intent to proceed with the issuance of \$15,983,854 in Iowa Finance Authority Taxable/Convertible Multifamily Housing Revenue Bonds Series 2004 for the purpose of making loans to assist the borrowers in the acquisition, construction and equipping of a project; authorizing the execution and delivery of Loan Agreements pertaining to the projects; authorizing an assignment of certain financing documents for further securing the payment of the bonds pursuant to a Pledge Agreement; and related matters. On a second by Ms. Anderson, the Board unanimously approved Resolutions #04-08B through #04-19B.

ED Loan #01-19, The Gables at Johnston Commons

Ms. Beary introduced an application for \$3,000,000 of Iowa Finance Authority Multifamily Housing Revenue Bonds to supplement a previous issuance for the Gables at Johnston Commons. She said the original developer for this projects was Brisben Development Inc. and before construction was completed, Brisben filed for bankruptcy. Ms. Beary stated ERC Development purchased the property and completed construction; however, they encountered additional costs through the process. She said this application is for an additional \$3,000,000 for the project. Ms. Beary stated The Gables at Johnston Common has approximately 206 multifamily housing units in Johnston. She said the project will require Private Activity Bond Cap.

Resolution #019-B

MOTION: Mr. Walter made a motion approving the application for \$3,000,000 in Iowa Finance Authority Multifamily Housing Revenue Bonds for the Gables at Johnston Commons Project. On a second by Mr. Wright the Board unanimously approved Resolution #019-B.

State Revolving Loan Fund Update

Ms. Beary reported the first Clean Water SRF program to address nonpoint source pollution is up and running. She said the Local Water Protection Program provides loans to landowners for projects that will improve water quality by controlling the runoff of sediments, nutrients and/or pesticides. Ms. Beary stated the projects are approved by the Division of Soil Conservation (DSC) and the local Soil and Water Conservation Districts. She said the loans range from \$5,000 to \$50,000 for a term of up to 10 years and an interest rate of 3%. Ms. Beary said the local banks underwrite and approve the loans. She stated that after the loan is approved, IFA deposits the amount of the loan in a CD at 0% interest. Ms. Beary reported there are currently projects in Decatur, Bremer and Washington counties. She said the DSC is planning on doing three or four pilot projects this fall and then rolling the program statewide after the first of the year.

Ms. Beary reported that she and Ms. Patti Cale-Finnegan staffed an exhibit booth at the Iowa Association of Municipal Utilities annual Water and Wastewater Operators Training Workshop on November 16 and 17. She said this was the first step in actively marketing the SRF program, which went well.

Ms. Beary stated that on December 15 through December 17, 2004 the Authority will have a mini-Kaizen event to work out the specifics of the new duties spelled out in the Memorandum of Understanding between DNR and IFA. She said this event will allow both agencies to map out each step of the process and clarify responsibilities.

HOUSING PROGRAMS

Single Family

Single Family Status Delinquency, and Activity Reports

Ms. Davis referred to the written report included in the Board materials.

Multifamily

Multifamily Preservation

Ms. Davis referred to the written report included in the Board materials.

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Direct Loan Program

Resolution Re: FY05 Habitat for Humanity Mortgage Purchase Program

Ms. Davis introduced the Resolution Re: FY05 Habitat for Humanity Mortgage Purchase Program. She asked Ms. Murphy to discuss the details of the program.

Ms. Murphy explained the current program has been very successful and the resolution will increase the FY05 funding from \$250,000 to \$300,000, which will be used to fund an additional two loans.

Mr. Wright inquired as to the source of funds for the \$50,000 of additional funding.

Ms. Murphy stated the funds are from the Housing Assistance Programs budget.

Ms. Davis said the request for additional funds is for a very successful program and the additional funds could be allocated within the existing budget.

MOTION: Ms. Bordwell made a motion to approve the Resolution Re: FY05 Habitat for Humanity Mortgage Purchase Program in an amount not to exceed \$300,000. On a second by Mr. Caudron the Board unanimously approved the Resolution.

Grants

Resolution Re: Amendment to Capacity Building Grant for Eligible Entity to Organize a Local Housing Trust Fund

Ms. Murphy introduced the Resolution Re: Amendment to Capacity Building Grant for Eligible Entity to Organize a Local Housing Trust Fund. She referred to the handout included in the Board packets.

Ms. Murphy explained the current resolution excludes Boone County as an entity, but does include involvement from some of the individual communities in Boone County. She said both Hamilton and Webster County are committed to the formation of a local housing trust fund. Ms. Murphy said the original letter of intent will be revised to exclude all of Boone County as part of the Housing Trust Fund.

MOTION: Mr. Caudron made a motion to approve the Resolution Re: Amendment to Capacity Building Grant for Eligible Entity to Organize a Local Housing Trust Fund. On a second by Ms. Anderson, the Board unanimously approved the Resolution.

Section 8 Contract Administration

Ms. Davis referred to the written report included in the Board materials.

TITLE GUARANTY DIVISION (TGD)

Mr. Ogle referred to the charts included in the Board materials.

POLICY / LEGISLATION

Mr. Dietz referred to the handouts included in the Board materials.

COMMUNICATIONS

Ms. Monica Fischer referred to the handouts included in the Board materials.

MISCELLANEOUS ITEMS

Receive Comments from General Public

Chair Lintz opened the public comment period and asked if anyone in the audience would like to address the Board.

Mr. James Conlin of Conlin Properties spoke to the Board regarding the 2004 Des Moines MSA Unit Cap under the Low Income Housing Tax Credit Program.

Next Month

The next regular meeting will be held at 10:45 a.m. on Wednesday, January 5, 2005, in the Iowa Hospital Association Education Center, located on the first floor of 100 East Grand Avenue, Des Moines, Iowa.

ADJOURNMENT

There being no further business, on a motion by Mr. Caudron and a second by Ms. Anderson, the December meeting of the Iowa Finance Authority Board of Directors adjourned at 11:48 a.m.

Dated this 5th day of January, 2005.

Respectfully submitted:

Approved as to form:

Michael L. Tramontina
Executive Director
Iowa Finance Authority

Vincent Lintz, Vice Chair
Iowa Finance Authority